

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 /055 W
-----080112Z 101340 /14
R 071305Z APR 77
FM AMEMBASSY ATHENS
TO SECSTATE WASHDC 9919
INFO AMCONSUL THESSALONIKI

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E.O. 11652: N/A
TAGS: BBAK, BDIS, GR
SUBJECT: DEVELOPMENTS IN LADOPOULOS PAPER MILL CASE

REF: ATHENS 2414

1. ACCORDING TO ANNOUNCEMENT OF APRIL 6, NATIONAL BANK
AND LADOPOULOS GROUP HAVE AGREED TO PROPOSAL FOR CO-MANAGEMENT
OF AILING PAPER MILLS AND WILL SOON SIGN FINAL AGREEMENT.
LATTER MAY BE FIRST STEP TOWARDS SETTLEMENT OF
OUTSTANDING LADOPOULOS DEBTS OF APPROXIMATELY
\$70 MILLION, INCLUDING \$30 MILLION TO INTERNATIONAL PAPER
COMPANY. MAJOR POINTS OF PROPOSED SOLUTION ARE AS FOLLOWS

A) NATIONAL BANK WILL ASSUME 60 PERCENT OF SHARES OF
PATRAS (EGL) AND THESSALONIKI (MEL) MILLS AND
51 PERCENT OF SHARES IN AEGION MILL (HELLENIC PAPER MILL) WITH
VOTING RIGHTS FOR PERIOD OF TWO-THREE YEARS.

B) NEW BOARD OF DIRECTORS WILL INCLUDE THREE NATIONAL
BANK OFFICERS AND TWO LADOPOULOS REPRESENTATIVES.

C) CHARTERED ACCOUNTANTS WILL PERFORM FULL AUDIT OF
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MILL OPERATIONS.

D) DECISIONS ON RAW MATERIAL PROCUREMENT FROM
ABROAD, NEW INVESTMENT, DISPOSAL OF FIXED ASSETS, ETC.,
MUST BE TAKEN BY MAJORITY OF FOUR BOARD MEMBERS.

E) NATIONAL BANK WILL FINANCE, AGAINST GUARANTEE OF

LADOPOULOS SHARES, IMPORT OF RAW MATERIALS AND PAYMENT OF
OUTSTANDING OBLIGATIONS.

2. AS OF APRIL 7, WORKERS AT PATRAS AND AEGION MILLS
ARE CONTINUING STRIKE UNTIL AGREEMENT ABOVE IS FINALIZED
AND NEW BOARD ASSUMES CONTROL. IN ORDER TO
FACILITATE REOPENING OF MILLS, HOWEVER, MINISTRY OF LABOR
HAS APPROVED SUBSTANTIAL BONUS FOR PLANT WORKERS. NATIONAL
BANK OFFICIAL REPORTED TO EMBASSY THAT, WHEN AGREEMENT IS
SIGNED. BANK WILL FIRST CONTACT ALL CREDITORS,GREEK AND
FOREIGN, TO SEEK ONE YEAR DEBT MORATORIUM AND AGREEMENT TO
PROVIDE NECESSARY RAW MATERIALS ON CREDIT IN ORDER TO RESUME
OPERATIONS. HE COMMENTED THAT DALOPOULOS MILLS WOULD OTHERWISE NOT
BE ABLE TO PAY INTEREST ON DEBTS. AFTER VERIFYING ALL DEBTS,
BANK WILL INITIATE PROCESS BY CONTACTING FOREIGN CREDITORS. KUBISCH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ATHENS03187
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770122-0394
Format: TEL
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770480/aaaacrau.tel
Line Count: 77
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 97dfc9a8-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ATHENS 2414
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2876064
Secure: OPEN
Status: NATIVE
Subject: DEVELOPMENTS IN LADOPOULOS PAPER MILL CASE
TAGS: BBAK, BDIS, GR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/97dfc9a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009